[redacted]

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Amendment of the Commission's Regulatory Policies to Allow Non-U.S.-Licensed Space Stations to Provide Domestic and International Satellite Service in the United States	)	IB Docket No. 96-111
	)	
and	)	
	)	
Amendment of Section 25.131 of the Commission's Rules and Regulations to Eliminate the Licensing Requirement for Certain International Receive-Only Earth Stations	)	CC Docket No. 93-23 RM-7931
	)	
and	)	
	)	
COMMUNICATIONS SATELLITE CORPORATION Request for Waiver of Section 25.131(j)(1) of the Commission's Rules As It Applies to Service Provided via the Intelsat K Satellite	)	File No. ISP-92-007

Reply Comments of TelQuest Ventures, L.L.C.

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August 16, 1996

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Summary

TelQuest Ventures, L.L.C. ("TelQuest") agrees with the Commission's tentative conclusion that the rules adopted in this proceeding should not be applied to matters pending before the Commission at the time the Commission issued the NPRM in this proceeding. Retroactive application of the rules would be unlawful because Congress has not expressly granted the Commission authority to engage in retroactive rulemaking. In addition, retroactive application of the rules would be unreasonable because, as the Commission has recognized, it would burden TelQuest and the U.S. wireless cable industry with substantial delay. Unless TelQuest's applications are granted soon, it will face the choice of suspending operation by the end of 1996 due to the inability to access the capital markets or consolidate its operation with that of a large corporation. The U.S. wireless cable operators that have relied on the grant of TelQuest's applications in order to become more effective competitors to the hard-wire cable TV incumbents will also be harmed as further delay in the processing of TelQuest's applications will significantly reduce the value of their investments in infrastructure and the MMDS licenses they acquired during the Commission's auction. More importantly, the application of the proposed ECO-Sat test to TelQuest's applications would cause an unwarranted delay in the long awaited benefits that DBS service and a more competitive U.S. wireless cable industry will provide the American public.

TelQuest respectfully urges the Commission to expeditiously process and grant its applications in the interest of increased competition in the U.S. cable TV market and the promotion of U.S. small business market entry.

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Reply Comments of TelQuest Ventures, L.L.C.

TelQuest Ventures, L.L.C. ("TelQuest"), by its attorneys, hereby replies to the comments filed by other parties in response to the Federal Communications Commission's ("Commission") Notice of Proposed Rulemaking ("NPRM") regarding policies to increase competition in the global market for satellite service.[1]

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[1] Notice of Proposed Rulemaking, FCC No. 96-210, released May 14, 1996.

I. Introduction

TelQuest is a small, U.S. entrepreneurial firm which currently has two applications pending before the Commission for authority to uplink U.S. programming to transponders that it will own on a satellite located in a Canadian orbital location and to construct and operate one million receive-only earth stations for use with that satellite.[2] The applications were filed on March 13, 1996. TelQuest plans to provide satellite-delivered, nationwide television programming in a digitally compressed and encrypted format on a wholesale basis to U.S. Multichannel Multipoint Distribution Service ("wireless cable") providers, small cable operators, and independent local exchange carriers that can be integrated with locally-inserted programming. At least sixty percent of the subscribers that would potentially use TelQuest's system would have their video programming delivered by a wireless cable network. A great unmet demand exists in this country for such a service. In addition, TelQuest will enable wireless cable operators to offer a direct-to-home service to consumers who currently cannot receive service because of line-of-sight limitations in their current systems.

TelQuest's system, by making wireless cable more attractive to consumers, will enhance competition among multi-channel video programming distributors. Granting TelQuest's applications would fulfill the Commission's statutory mandate to ensure the participation of small U.S. businesses in the provision of new and innovative technologies -- TelQuest and the wireless cable companies, the small cable operators, and the independent local exchange carriers it seeks to serve, fall within this statutory umbrella. Granting TelQuest's applications will strengthen and foster competition between traditional cable providers and competing technologies such as MMDS and DBS.

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[2] File Nos. 758-DSE-P/L-96 and 759-DSE-P/L-96.

In its NPRM, the Commission requested comment on policies designed to promote competitive opportunities for U.S. satellite service providers in the international market. Specifically, the NPRM outlined the proposed "effective competitive opportunities for satellites" or "ECO-Sat" test and other factors to be considered in assessing the degree to which competition exists in the global satellite market. Included in the proposal was the tentative conclusion that regulation created pursuant to the NPRM would not be applied to applications filed prior to May 9, 1996, the date of the adoption of the NPRM. The Commission determined that requiring such applicants to comply with the proposed ECO-Sat test would be "unfair and burdensome to the applicants" and would cause "significant delays."[3] A majority of the parties in this proceeding concur with the Commission's tentative decision not to retroactively apply rules adopted by the NPRM to currently-pending cases before the Commission.[4] TelQuest supports the position taken by these commenters and urges the Commission to process its previously-filed applications expeditiously .

II. Application of the ECO-Sat Rules to Cases Pending Before the Commission Would Be Unlawful Because the Commission Has No Authority to Engage in Retroactive Rulemaking.

In its comments, DirectTV admits that application of the ECO-Sat test to pending cases would constitute retroactive rulemaking, but that the retroactive effect of the rule would be permissible.[5] Its position is based upon an inapplicable line of Supreme Court cases that favor the application of newly-enacted legislation to pending cases if no manifest injustice would result.[6]

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[3] NPRM at ¶ 20.

[4] GE at 5-9; WTCI at 17-19; NATSAT at 1-2; WorldCom at 3-4; LQL and Loral Space at 9-11; Transworld at 2-5.

[5] DirectTV at 19.

[6] The ultimate basis for DirectTV's position is *United States v. Storer Broadcasting Company*, 351 U.S. 192 (1956). Assuming that *Storer* addresses the principle of retroactivity, which is not

Thorpe v. Housing Authority of Durham 393 U.S. 268 (1969), *Bradley v. Richmond School Bd.* 416 U.S. 696 (1974). See, also, *Landgraf v. USI Film Products*, 511 U.S. 244 (1994).

An opposing line of cases, however, favors adherence to the time-tested axiom that retroactivity is not favored in the law. See *Greene v. United States*, 376 U.S. 149 (1964). It is this line of cases, and the seminal case of *Bowen v. Georgetown University Hospital*, 488 U.S. 204 (1988), that controls an administrative agency's authority to promulgate retroactive rules. *Bowen* holds that an administrative agency's power to promulgate regulations is limited to the authority delegated by Congress and that an administrative agency has no power to promulgate retroactive rules unless that power is conveyed by express terms. *Id.*, 488 U.S. at 208.

Subsequent attempts to limit *Bowen* do not pass muster. Surprisingly, such attempts are based in part upon Justice Scalia's concurring opinion in the case, and his introduction of the concept of primary and secondary retroactivity[7] to the Supreme Court's debate. *Bowen's* detractors argue that the case is limited to instances of primary retroactivity,[8] without recognizing that Justice Scalia's views did not gain majority status. The *Bowen* majority held that an agency without express retroactive rulemaking authority only could promulgate rules that apply prospectively, *i.e*, after their effective date.

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explicitly raised in the decision, its implication that an administrative agency may promulgate retroactive rules on the basis of general rulemaking power is tacitly overruled by the controlling case of *Bowen v. Georgetown University Hospital, infra*, which holds that such power must be expressly granted to be valid.

[7] McNulty, Corporations and the Intertemporal Conflict of laws, 55 Cal.L.Rev. 12, (1967). Generally, those statutes or regulations that change the legal consequences of past events are classed as primary retroactivity. If only the legal consequences of acts subsequent to the new statute or regulation are affected, then the rule is classed as secondary retroactivity.

[8] See, generally, Luneburg, Retroactivity and Administrative Rulemaking, 1991 Duke L.J. 106, 156-158 (1991). See, also, *In re Applications of McElroy Electronics Corp.*, 10 FCC Rcd 6762 (1995).

More recently, the Supreme Court's decision in *Landgraf* has been used to support the concepts of primary and secondary retroactivity. The Court's decision is construed such that the presumption against retroactive legislation applies, in the absence of express Congressional intent, only when it would impair the rights a party possessed when he acted, increase a party's liability for past conduct, or impose new duties with respect to transactions already completed. *Id.* at 1505.

Landgraf, however, does not apply to administrative agencies. Its holding is applicable only to Congressional legislation and is concerned with Congress' express intent to make a statute retroactive. Unlike Congress, administrative agencies have no independent authority to make their rules retroactive. *Bowen*, 488 U.S. at 208. Accordingly, the focus in administrative agency cases is not on the retroactive effect of the rule, but whether Congress authorized the agency to promulgate retroactive rules in the first place. If it did not, as with the Commission, the inquiry ends.

This distinction is supported by *Motion Picture Association of America, Inc. v. Oman*, 969 F.2d 1154 (1992). Noting the conflict between the two lines of Supreme Court cases, the *Oman* court stated:

> This unresolved conflict has no bearing on this case. The holding of *Bowen* is that agencies do not have the authority to promulgate retroactive rules unless Congress has expressly said they do. Apart from the question of whether a case was actually pending at the time the [agency] issued its rule, and whatever the continuing vitality of Bradley, ***we are not concerned here with the retroactive effect of a statute***.

Id. at 1156 (emphasis added).

Bowen and *Oman*,[9] are the most authoritative pronouncements of the retroactive rulemaking authority of an administrative agency and control the issue in this proceeding. Their application here is quite simple: the retroactive *effect* of the ECO-Sat rule, be it primary, secondary or otherwise, has no bearing. Congress has delegated only general rulemaking authority to the FCC. See, e.g., 47 U.S.C. § 303(r) ("[T]he Commission...shall..[m]ake such rules and regulations and prescribe such restrictions and conditions, not inconsistent with law, as may be necessary to carry out the provisions of this chapter.) Absent the express authority to engage in retroactive rulemaking, the application of the ECO-Sat rules to pending applications would be retroactive by definition and, thus, unlawful.

III. Application of the ECO-Sat Rules to Applications Filed Prior to the NPRM Would Be Unreasonable.

TelQuest strongly believes that *Bowen* and its progeny, as a matter of law, dispose of the issue of whether the ECO-Sat rules may be applied to its pending applications, and that it is unnecessary, if not improper,[10] to consider the reasonableness of the retroactive application of the rule to pending matters. Nevertheless, TelQuest submits the following comments on the reasonableness of applying the proposed rules to pending matters in deference to the Commission's request.

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[9] It should be noted that the U.S. Court of Appeals for the District of Columbia recently stated that a rule promulgated and applied "purely prospectively" to existing local exchange carriers could have only a secondary retroactive effect. See *Bell Atlantic Telephone Company v. FCC*, 79 F.3d 1195, 1207 (1996). However, this statement does not affect the prior *Oman* decision because the rule was not applied retroactively, and thus did not require an inquiry into the Commission's lack of express authority to promulgate retroactive rules.

The Commission has attempted to limit *Bowen* by finding that it applied only to rules for which the retroactive effect was primary. See, *e.g.*, *In re Applications of McElroy Electronics Corp.*, supra note 8, at 6768. TelQuest respectfully disagrees with this interpretation and encourages the Commission to adopt in this proceeding the analysis that *Bowen* requires.

[10] Absent a specific grant of retroactive rulemaking authority, an administrative agency's authority to promulgate retroactive rules, and thus its consideration of the reasonableness thereof, is confined to its adjudicatory proceedings. See, generally, Luneburg, *supra*, at 112.

In making its reasonableness determination, the Commission has relied on the five factors detailed in *Retail, Wholesale & Department Store Union v. NLRB*, 466 F.2d 380, 390 (D.C. Cir.1972)[11]: (i) whether the particular case is one of first impression; (ii) whether the new rule represents an abrupt departure from well-established practice or merely attempts to fill a void in an unsettled area of the law; (iii) the extent to which the party against whom the new rule is applied relied on the former rule; (iv) the degree of the burden that a retroactive order imposes on a party; and (v) the statutory interest in applying a new rule despite the reliance of a party on a old standard. Consideration of each of these five factors makes clear that the Commission correctly determined that application of the ECO-Sat test to TelQuest's previously-filed earth station applications would be unreasonable. Accordingly, TelQuest urges the Commission to process its applications under the current policy and to grant them at the earliest possible date.

A. The Case is One of First Impression

Although the instant proceeding is not the first in which the Commission has commented on the need for effective competition in the provision of satellite service, it is the first in which it has actually articulated a test and imposed specific informational requirements. Contrary to the suggestion of commenters MCI, DIRECTV and Columbia,[12] the requirements imposed pursuant to the ECO-Sat test have not been consistently applied as part of any Commission rule pertaining to satellite service previously. Accordingly, this is a case of first impression.

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[11] *Adelphia Cable Partners*, 11 FCC Rcd 2461, 2464 (1995); *In re Application of McElroy Electronics Corp.*, supra note 8, at 6768; *In re Application of Fox Television Stations*, 11 FCC Rcd. 5714, 5726 (1995); *Amendment of Part 74 of the Commission's Rules and Regulations in Regard to the Instructional Television Fixed Service*, 59 RR 2d 1355, 1363 (1986); *In the Matter of Amendment of the Commission's Rules to allow the Selection from Among Mutually Exclusive Competing Cellular Applications Using Random Selection or Lotteries Instead of Comparative Hearings*, 98 FCC 2d 175, 182 (1984).

[12] MCI at 5, DIRECTV at 19, Columbia at 10.

B. The New Rule Represents an Abrupt Departure from Well-Established Practice

Columbia suggests that the Commission gave notice of an impending change in policy in its *DISCO I NPRM* when it invited comment on "***whether*** and under what conditions, non-U.S. satellites should be permitted to serve the U.S. domestic market" (emphasis added).[13] However, the use of the word "whether" in the Commission's inquiry made it impossible to know whether new regulation would ever be created -- the Commission might just as easily determined that new regulation was in fact not necessary. The newly-formed ECO-Sat test represents a major revision of current Commission policy concerning the use of non-U.S. satellites in the domestic market. While TelQuest may have had some inkling that a change in policy might or might not occur at some time in the future, it had no way of foreseeing the specific requirements that would be in place or of preparing itself for the degree to which current Commission policy could be changed. No mention of an ECO test for satellite service was made in *DISCO I*, nor has an ECO test been applied to video service providers in the past. Thus, the creation and application of the ECO-Sat test is an abrupt departure from current Commission policy.

C. TelQuest and the U.S. Wireless Cable Industry Relied Heavily on Current Policy in Preparing Their Business Plans

Under current Commission policy, a U.S. entity may use transponders on a non-U.S. satellite if it establishes a lack of satellite capacity in the U.S. TelQuest relied on this policy in negotiating with Telesat Canada ("Telesat") to own 22 transponders on a Canadian-licensed satellite in order to provide DBS service to wireless cable operators, small cable operators, and rural telephone companies.

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[13] Columbia at 10.

Between December 1994 and November 1995, either Barbara Sparks, Executive Vice President of TelQuest, or a consultant retained by TelQuest met on at least one occasion, and in most cases on more than one occasion, with representatives of the following entities in order to determine the availability of suitable satellite capacity: Echostar Satellite Corp., DBS Industries, Direct Broadcast Satellite Corp., DIRECTV/Hughes Communications, Dominion Video Satellite, GE Americomm, AT&T and Loral. In each instance, a negative response was received.

When it became clear that there was a lack of satellite capacity in the U.S., TelQuest entered into negotiations with Telesat Canada to own transponders on a Canadian-licensed satellite. Before filing its earth station applications, TelQuest discussed with the Commission's staff its plan to use a Canadian-licensed satellite due to the lack of domestic DBS capacity. The current Commission policy, which is derived from the 1972 and 1982 Exchange of Letters between Canada and the United States, has proven extremely beneficial to the two countries, both in facilitating the introduction of telecommunications services on a cross border basis and on responding to capacity shortages. Since TelQuest was able to make the necessary showing of a lack of satellite capacity, it reasonably believed that the Commission would grant its applications for earth station licenses.

With every reason to believe that its earth station licenses would be granted under current Commission policy, TelQuest entered into agreements to provide national programming in a digitally compressed and encrypted format to wireless cable providers, small cable operators, and independent local exchange carriers. TelQuest now faces a critical situation: it must provide service soon to meet the digital compression requirements of those wireless cable operators who have committed to receive TelQuest's service. At least sixty percent of the subscribers that would be served by TelQuest's system would have their video programming delivered by a wireless cable network. To meet this deadline, TelQuest must access the capital markets immediately in order to raise funds

necessary for this project. Granting TelQuest's applications immediately is necessary to pursue this goal. Without such financing, TelQuest will be forced to either cease operation by the end of 1996 or consolidate through an alliance with a large corporation.

Wireless cable operators who have committed to receive TelQuest's services also have based their business plans on TelQuest's ability to obtain an earth station license and likewise will be harmed by any delay in processing TelQuest's applications. Wireless cable operators are unable to serve all households in a market because wireless cable technology is limited to providing service to those households in the line-of-site of the local transmitter. In addition, wireless cable can only access 12 full-time and 20 part-time analog channels absent digital compression. TelQuest's service will permit these small businesses to integrate more than 100 national video channels with local programming within their market and to extend the reach of their market with direct-to-home DBS service to households where physical line of site impediments exists.

TelQuest's wireless cable partners already have paid millions of dollars into the U.S. Treasury during the Commission's wireless cable auction. In order to compete effectively against wired service providers, however, wireless cable operators must be able to employ TelQuest's wholesale DBS service. Without the ability to do so, the investment made by wireless cable operators will be worth significantly less and may result in the sale of these independent, small businesses to large corporations who already wield significant power in the MVPD market.

D. Application of ECO-Sat Requirements Would Impose a Significant Burden on TelQuest and the U.S. Wireless Cable Industry

In the *NPRM*, the Commission tentatively concluded that "to apply the proposed policy to the applications already on file, . . . would be unfair and burdensome to the applicants and might cause

significant delays."[14] The Commission's recognition of this fact refutes the claims of MCI and Columbia that the burden imposed on previously-filed applications would be minimal.[15] If TelQuest's applications are not granted in the very near future, TelQuest will cease to exist as an independent DBS service provider. In order to remain economically viable, TelQuest must have the opportunity to access capital markets, which it cannot do unless its applications are approved. Without the financing it requires, TelQuest will face the choice of suspending operation by the end of 1996 or consolidating its operation with that of a large corporation.

Subjecting TelQuest's applications to the ECO-Sat test would also harm the U.S. wireless cable industry. The major U.S. wireless cable operators have been relying on TelQuest's wholesale DBS service to become more effective competitors to the U.S. hard-wire cable TV incumbents. For each day of delay in processing TelQuest's applications, another day passes when these wireless cable operators remain unable to provide service to those U.S. households outside the line-of-site of the local transmitter. Each additional day of delay means that the major U.S. wireless cable operators are limited to offering U.S. consumers only 12 full-time and 20 part-time analog channels to watch. The further delay that would be caused by the imposition of the proposed ECO-Sat test would significantly reduce the value of the investments that these wireless cable operators have made in infrastructure and the MMDS licenses they acquired during the Commission's auction.

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14 NPRM at ¶ 20.

15 Columbia at 9, 11; MCI at 5.

E. The Public Interest in Applying ECO-Sat Standards is Outweighed by the Public Interest in Ensuring the Development of Competition in the U.S. Cable TV Market from DBS and Wireless Cable

AlphaStar and Columbia each claims that it would be in the public interest to apply ECO-Sat requirements to pending applications.[16] It is clear, however, that the public interest would be best served by expeditiously processing TelQuest's applications under current rules, which would ensure meaningful competition in the video programming services market.

Currently, 91% of video programming in the U.S. is provided by the wired cable industry.[17] This is due in large part to the fact that no potential competitor has thus far been able to provide the same service that hard-wire cable provides to its customers; wireless cable providers are limited by line-of-sight restrictions and can only access 12 full-time and 20 part-time analog channels, and DBS providers are unable to provide local programming. The current state of the market has led the Commission to conclude that "the markets for the distribution of video programming are not yet competitive."[18] The Commission also has recognized that "the difficulty of accumulating sufficient channel capacity remains a major obstacle to many wireless cable operators."[19]

Granting its applications would allow TelQuest to provide wireless cable operators with a digital satellite feed at a fraction of what it would otherwise cost to invest in digital compression equipment at each headend. TelQuest's delivery of programming in a digitally compressed and encrypted format will permit these small businesses to provide customers with more than 100 national

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[16] AlphaStar at 4-5, Columbia at 10-11.

[17] Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, Second Annual Report, 11 FCC Rcd 2060, 2063, 2150-2151 (1995).

[18] Id. at 2150.

[19] *Amendment of Parts 21 and 74 of the Commission's Rules With Regard to Filing Procedures in the Multipoint Distribution Service and Instructional Television Fixed Service and Implementation of Section 309(j) of the Communications Act--Competitive Bidding, Notice of Proposed Rulemaking,* 9 FCC Rcd 7665, 7666-7667 (1994).

video channels along with local programming, and to extend the reach of their market through direct-to-home DBS service to households where physical line-of-sight impediments currently exist. This will greatly increase the ability of wireless cable operators to compete seriously with hard-wire cable operators.

The Commission recently concluded that "the Commission's interests in fostering competition in the video programming services market and promoting the use of ITFS spectrum for educational programming will clearly be advanced by authorizing wireless cable operators to employ digital technologies."[20] TelQuest respectfully submits that merely *authorizing* the use of digital technologies will not foster competition in the MVPD market; rather, the Commission must ensure that wireless cable operators, many of whom are small businesses with limited capital resources, are able to obtain affordable digital programming. Only this course of action will ensure competition and allow the Commission to fulfill its statutory mandate under Section 309(j) of the Communications Act of 1934, as amended, 47 U.S.C. § 309(j) to:

> [P]romot[e] economic opportunity and competition and ensur[e] that new and innovative technologies are readily accessible to the American people by avoiding excessive concentration of licenses and by disseminating licenses among a wide variety of applicants, including small businesses.

This same goal is addressed in Section 257 of the Telecommunications Act of 1996, which directs the Commission to eliminate market entry barriers for entrepreneurs and small businesses, and provides that it is the "National Policy" "to promote the policies and purposes of [the] Act favoring

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[20] *See, In the Matter of a Request for Declaratory Ruling on the Use of Digital Modulation by Multipoint Distribution Service and Instructional Television Fixed Service Stations*, DA 95-194 (rel. July 10, 1996)

diversity of media voices, vigorous economic competition, technological advancement, and promotion of the public interest, convenience and necessity."[21]

Wireless cable operators have invested heavily to build the infrastructure and obtain the spectrum necessary to compete with wired cable.[22] TelQuest's digital satellite feed is an essential ingredient to their success; without the ability to provide programming comparable to that provided by wired cable, wireless cable providers will never be able to loosen the stranglehold wired cable operators currently have on the MVPD market. If the Commission delays TelQuest's applications, thereby preventing it from providing DBS service and ensuring its demise, many wireless cable operators will have no alternative but to sell out to larger companies, such as the Regional Bell Operating Companies ("RBOC's"). Should large corporations gain control of important U.S. wireless cable assets, it could lead to such abuses as warehousing the spectrum, using it for a purpose other than competing in the video programming services market, or using it only on an interim basis until those large corporations have completed the construction of hard-wired cable systems.

Clearly, any delay in the processing of TelQuest's applications caused by the application of ECO-Sat requirements will result in a decrease of competition in the MVPD market, which will ultimately harm the American consumer. Granting TelQuest's applications expeditiously, on the other hand, significantly benefits the U.S. public. As the Commission has observed, TelQuest's wholesale DBS service will offer "substantial efficiencies" and will "promote the competitive position of DBS providers."[23] The benefits of competition will be realized by the U.S. consumer in lower prices,

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21 Pub. L. No. 104-104, 110 Stat. 56 § 257(b).

22 Wireless cable operators paid $216 million to the U.S. Treasury in the MMDS spectrum auction.

23 *Dominion Video Satellite, Inc., Report and Order*, FCC 95-507 (rel. Dec. 15, 1995), *slip op.* at 47.

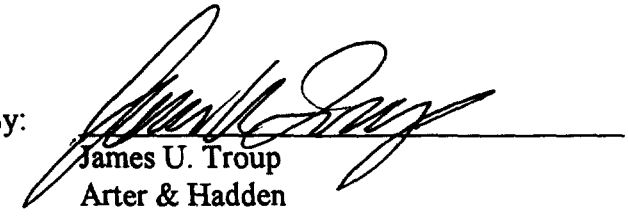
increased consumer choice and more rapid technological advancement. Rather than causing delay and forcing small businesses out of the MVPD market, the immediate grant of TelQuest's applications would promote competition by allowing wireless cable operators to begin providing service which offers meaningful competition to the entrenched hard-wire cable operators. Accordingly, application of current Commission policy, rather than ECO-Sat requirements, to TelQuest's pending applications is in the public interest.

IV. Conclusion

A majority of the parties to this rulemaking support the Commission's proposal to process applications filed prior to the NPRM under current Commission policy. TelQuest supports this tentative conclusion. Application of the proposed ECO-Sat test to TelQuest's applications filed prior to the NPRM would be both unlawful and unreasonable. Therefore, TelQuest respectfully urges the Commission to process and grant its earth-station license applications expeditiously in the interest of increased competition in the U.S. cable TV market and the promotion of U.S. small business market entry.

Respectfully submitted,

TelQuest Ventures, L.L.C.

By: 

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on August 16, 1996, a copy of the foregoing Reply Comments of TelQuest Ventures, L.L.C. was delivered, by first-class mail postage pre-paid, or by hand delivery (as indicated by an asterisk) to the following:

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